

Debtors' Ex. 67

(H. B. 1242)
(Conference)

(No. 43)

(Approved August 1, 2005)

AN ACT

To authorize the issue of bonds of the Commonwealth of Puerto Rico in a principal amount which shall not exceed five hundred and seventy five million (575,000,000) dollars, and the issue of notes in advance of bonds to cover the cost of necessary public improvements and the cost of the sale of such bonds; to provide for the payment of the principal and interest on such bonds and notes; to authorize the Secretary of the Treasury to make provisional advances from the General Fund of the Commonwealth Treasury to be applied for the payment of the costs of said improvements and said sale of bonds; to distribute the remainder of these and of other issues; and to grant the Secretary of Transportation and Public Works and other agencies and instrumentalities of the Commonwealth, the power to acquire the necessary real and personal property and to exercise the power of eminent domain, and to exempt said bonds, notes and interest thereon from the payment of taxes, and for other purposes.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.- The Secretary of the Treasury is hereby authorized to issue and sell, all at once or from time to time, bonds of the Commonwealth of Puerto Rico in a principal amount which shall not exceed five hundred and seventy five million (575,000,000) dollars in order to cover the cost of the necessary public improvements itemized below, including the acquisition of the necessary land or rights thereon, and equipment therefor, to draw up plans and specifications, the cost of the sale of the bonds and notes issued in advance thereof, and any other necessary expense in connection with the acquisition or construction of such improvements.

Works financed by this bond issue shall have a useful life of five (5) or more years and operating expenses shall not be included in the costs to be financed through this bond issue.

The public improvements and the cost of the sale of the bonds to be financed under this Act, and the estimated amounts of the proceeds of the bonds to be applied to each of such improvements and costs by major expense items, are as follows:

I. Transportation and Communications Facilities	\$ 78,950,000
II. Hospital, School, Social Welfare, Health and Labor Facilities	71,273,000
III. Agricultural, Industrial, and Tourist Facilities	25,884,000
IV. Construction and Improvements of Parks and other Recreational and Cultural Facilities	53,800,000
V. Development of Flood Control and Solid Waste Projects	55,750,000
VI. Necessary Costs for the 2006 Bond Issue	3,500,000
VII. Construction of Municipal Works	73,369,000
VIII. Construction of Works	79,379,000

IX. Housing Construction and Improvements	68,950,000
X. Development of Law Enforcement, Corrections and Justice Administration Maintenance Projects	35,395,000
XI. Channeling of Rivers	<u>28,750,000</u>
TOTAL	<u>575,000,000</u>

With regard to the acquisition and construction of the public works, the Secretary of the Treasury is hereby authorized to pay all those costs incurred in connection with the issue of bonds and notes authorized by this Act, including costs related to insurance, letters of credit or other instruments used to reduce financing costs. Any discount, charge for commitment or syndication, or any similar charge payable for the issue of bonds and notes, shall be included in the computation of the price or prices for which said bonds and notes may be sold, pursuant to the provisions of this Act.

Section 2(a).- The bonds to be issued from time to time under the provisions of this Act, as well as any other detail related thereto, shall be authorized through a Resolution or Resolutions to be adopted by the Secretary of the Treasury and approved by the Governor. Said bonds shall be designated as "Public Improvement Bonds of the Commonwealth of Puerto Rico for the Year 2006."

(b).- The bonds authorized to be issued under the provisions of this Act shall be dated, and shall mature on a date or dates that shall not exceed thirty (30) years from its date or dates (except for bonds related to public housing, which shall mature not later than forty (40) years from their date or dates), shall accrue interest at a rate or rates that shall not exceed those legally authorized at the time the bonds are issued. At the option of the Secretary of the Treasury, they may be redeemable before maturity, may be sold with or without premium, shall be of such denomination and in such form, with interest coupons or registered, or both, shall have such registration and conversion privileges, shall be executed in such a form, shall be payable in such places within or without the Commonwealth of Puerto Rico, and shall contain such other terms and conditions as provided by the authorizing Act or Acts.

(c).- The bonds authorized hereunder may be sold all at once or from time to time, in public or private sale, and for such price or prices not lower than the price legally established at the time they are issued, as determined by the Secretary of the Treasury with the approval of the Governor to be most convenient to the best interests of the Commonwealth of Puerto Rico.

(d).- When any official whose signature or facsimile thereof appears on any bond or coupon authorized under this Act ceases to hold office before the delivery of said bonds, said signature or facsimile shall, nevertheless, be valid and sufficient, it being deemed for all purposes as if such official had remained in office until such delivery. Furthermore, any bond or coupon may bear the signature or facsimile of those persons who, at the time said bond is executed, are the proper officials to sign it, but who, on the date of the bond, were not holding such office.

(e).- The bonds issued pursuant to the provisions of this Act shall be deemed to be negotiable instruments under the laws of the Commonwealth of Puerto Rico.

(f).- The bonds authorized by this Act may be issued as coupons or in registered form, or both, as determined in the authorizing Act or Acts, and provisions may be made for the registration of any bonds or coupons as to principal only, as well as to principal and interest, and for the reconversion of any registered bonds into coupon bonds, as to principal and interest.

Section 3.- The Secretary of the Treasury is authorized, with the approval of the Governor, to negotiate and execute with any bank, investment institution or any other financial institution, such loan agreements, purchase agreements or other financing agreements needed for the sale of the bonds or of the notes in advance of bonds authorized to be issued in Section 5 of this Act, under such terms and conditions as the Secretary of the Treasury determines to be most convenient for the best interests of the Commonwealth of Puerto Rico.

Section 4.- The good faith, credit and taxing power of the Commonwealth of Puerto Rico are irrevocably pledged for the prompt payment of the principal and interest on the bonds issued under the provisions of this Act. The Secretary of the Treasury is hereby authorized and directed to pay the principal and interest on such bonds as they mature, from any funds available for such purposes in the Treasury of the Commonwealth of Puerto Rico in the fiscal year in which such payment is required, and the provisions of this Act concerning the payment of the principal of and interest on such bonds shall be deemed a continuing appropriation for the Secretary of the Treasury to make such payments even

if no specific appropriations are made for such purpose. Said payments shall be made pursuant to the provisions of the laws of the Commonwealth of Puerto Rico which regulate the disbursement of public funds.

The Secretary of the Treasury is hereby authorized and directed to include in the authorizing Resolution or Resolutions, the commitment which the Commonwealth of Puerto Rico hereby enters into, and that on said bonds it shall state that the good faith, credit and taxing power of the Commonwealth of Puerto Rico is thus pledged.

Section 5.- The Secretary of the Treasury, by Resolution approved by the Governor, is hereby authorized to borrow money and issue notes of the Commonwealth of Puerto Rico in advance of the bond issue, at any time, or from time to time, payable solely from the proceeds of said bonds.

Said notes shall be designated as "Notes in Advance of Bonds of the Commonwealth of Puerto Rico," and it shall be stated thereon that they are issued in advance of such bond issue.

Said notes, including any renewals or extensions thereof, shall be dated, may be issued from time to time with a maturity that shall not exceed five (5) years from the first date of issue, shall bear interest at such rate that shall not exceed that which is legally authorized at the time they are issued, and may be redeemable before their maturity at the option of the Secretary of the Treasury, and shall be executed in such form and manner, and may be sold at public or private sale at such price or prices that are not less than the price established by law at the time they are issued, and shall contain such other terms and conditions as provided in the authorizing Resolution or Resolutions adopted by the Secretary of the Treasury and approved by the Governor.

Section 6.- The good faith, credit and taxing power of the Commonwealth of Puerto Rico are irrevocably pledged for the prompt payment of the interest on any note issued pursuant to the provisions of this Act. The Secretary of the Treasury is hereby authorized and directed to pay interest on said notes as they become due, from any funds available in the Treasury of the Commonwealth of Puerto Rico for such purpose during the fiscal year in which said payment is required. The provisions contained in this Act with regard to the payment of interest on the notes in advance of the bond issue shall be deemed to be a continuing appropriation for the Secretary of the Treasury to make said payments even if no specific appropriations are made for such purposes.

Pursuant to the provisions of this Act, the Secretary of the Treasury shall issue bonds sufficiently in advance and in the amount needed to provide the funds required to pay the principal of the notes as they mature and become payable, and shall apply the proceeds of the bond issue to the payment of said notes.

Any payments made with respect to the notes in advance of the bond issue shall be made according to the provisions of the laws of the Commonwealth of Puerto Rico that regulate the disbursement of public funds.

Section 7.- The proceeds of the sale of the notes and bonds issued under the provisions of this Act (other than the proceeds of the bonds required for the payment of the principal of such notes) shall be covered into a special fund denominated the “Public Improvements Fund for 2006,” and shall be disbursed according to the statutory provisions that regulate the disbursements of public funds, and for the purposes provided herein.

Section 8.- The Secretary of the Treasury is hereby authorized to make provisional advances from any funds available in the Public Treasury of the Commonwealth of Puerto Rico to be applied to defraying the cost of the public works authorized to be financed with the proceeds of the sale of the bonds issued under the provisions of this Act. The Secretary of the Treasury shall reimburse any provisional advance made, out of the first moneys available in the Public Improvements Fund for 2006.

Section 9.- Any money allocated by this Act that is not needed for the purposes herein contemplated, will be distributed pursuant to the provisions of Section 10.

Section 10.- The Office of Management and Budget is authorized to distribute the remainder from bonds issued in previous years available on June 25, 2005. This distribution will be performed proportionally among the municipalities with a population of less than fifty thousand (50,000) inhabitants, according to the Census of the year 2000, no later than thirty (30) days from the effective date of this Act.

Section 11.- The acquisition and construction of the public improvements authorized to be financed with the proceeds of the sale of bonds issued under the provisions of this Act shall be carried out in accordance with the plans approved by the Planning Board pursuant to the provisions of Act No. 75 of June 24, 1975, as amended, known as the "The Puerto Rico Planning Board Organic Act," and subject to the subsequent approval by the Government of Puerto Rico.

Section 12.- The Secretary of Transportation and Public Works and the agencies and instrumentalities of the Commonwealth of Puerto Rico in charge of the programs for which the proceeds of the sale of the bonds

issued under the provisions of this Act are to be used, are hereby authorized and empowered to acquire on behalf of the Commonwealth of Puerto Rico or on behalf of such agency or instrumentality, as the case may be, by donation, purchase or exercise of the power of eminent domain in accordance with the laws of the Commonwealth of Puerto Rico, any land or rights or participations thereon, and to acquire such personal property or equipment they deem necessary to carry out the same through the issue and sale of said bonds.

Section 13.- The sum deemed necessary to be applied to the payment of the expenses incurred in connection with the issue and sale of said bonds, including expenses related to insurance, letters of credit or other instruments used to reduce financing costs, is hereby appropriated from the proceeds of the sale of the bonds issued under the provisions of this Act.

Section 14.- From the proceeds of the sale of the bonds issued under the provisions of this Act, the sum of twenty eight million seven hundred and fifty thousand (28,750,000) dollars, which this year will not be deposited into the Special Maintenance Fund created by Act No. 66 of August 14, 1991, as amended, remains under the custody of the Office of Management and Budget, and it is provided that from these resources, six (6,000,000) million will be used for the construction of the roof of the Manatí Municipal Coliseum and the remainder shall be applied in equal amounts for the channeling of the La Plata River in Toa Baja and the Río Grande River in Manatí.

Section 15.- All bonds and notes issued under the provisions of this Act, as well as any interest thereon, shall be exempted from the payment of

any tax levied by the Commonwealth of Puerto Rico and its instrumentalities.

Section 16.- This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 43 (H.B. 1242) (Conference) of the 1st Session of the 15th Legislature of Puerto Rico:

AN ACT to authorize the issue of bonds of the Commonwealth of Puerto Rico in a principal amount which shall not exceed five hundred and seventy five million (575,000,000) dollars, and the issue of notes in advance of bonds to cover the cost of necessary public improvements and the cost of the sale of such bonds; to provide for the payment of the principal and interest on such bonds and notes; to authorize the Secretary of the Treasury to make provisional advances from the General Fund of the Commonwealth Treasury to be applied for the payment of the costs of said improvements and said sale of bonds; to distribute the remainder of these and of other issues; etc.,

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, today 26th of August of 2005.

Francisco J. Domenech
Director

